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10/17/2012 03:47 PM

To "mkuest@fec.gov" <mkuest@fec.gov>

cc "Joseph A. Guardarrama"  
<jguard@kaufmanlegalgroup.com>

bcc

Subject RE: LA Dems Proposed Final Audit Report

Marty:

Thank you for forwarding this revised version of the PFAR to me and Joe Guardarrama of my office.

We appreciate that some of the changes requested in our letter were already identified by your staff and incorporated into this latest version. Nonetheless, a number of our concerns have not been addressed, particularly as relates to the characterization of comments made by the Committee's former counsel. We would also ask that the Commission further refine the paragraph on page 2 at the end of the section detailing the unauthorized activity of the Committee's former treasurer. While the new language is an improvement, we believe that the language we suggested in our letter more accurately reflects the circumstances.

Please make it clear when circulating our letter that we were responding to a prior draft, but that a number of our concerns remain.

Thank you.

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**KAUFMAN LEGAL GROUP**  
A PROFESSIONAL CORPORATION

October 17, 2012

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**VIA EMAIL & FEDERAL EXPRESS**

Caroline C. Hunter, Chair  
Ellen L. Weintraub, Vice Chair  
Cynthia L. Bauerly, Commissioner  
Donald F. McGahn II, Commissioner  
Matthew S. Petersen, Commissioner  
Steven T. Walther, Commissioner  
Federal Election Commission  
999 E Street, NW  
Washington D.C. 20463

**Re: Comments in Response to Proposed Final Audit Report on the Los Angeles County Democratic Central Committee (A09/07)**

Honorable Chair and Commissioners:

On behalf of the Los Angeles County Democratic Central Committee ("Committee"), we would like to take this opportunity to comment on the Proposed Final Audit Report ("Report") with regard to the Committee's activities during the 2008 election cycle.

We appreciate the inclusion of new language at the beginning of the Report as a result of your directions to staff at the June 7, 2012 Commission meeting. That language acknowledges the widespread embezzlement scheme and cover-up by the Committee's former Treasurer, Kinde Durkee. Nonetheless, we believe that the single mention at the beginning of the Report does not adequately characterize the transactions discussed in detail later in the Report.

As we have made clear in the numerous letters and testimony provided to the Commission since Ms. Durkee's arrest, the Committee now believes that Ms. Durkee's criminal wrongdoing caused the reporting issues giving rise to the audit findings, and that her attempt to cover-up these misdeeds is reflected in the statements provided by her and the Committee's former counsel during the audit exit conference and in their written submissions. All of this was done without the knowledge of the Committee or its officers.

Upon learning of Ms. Durkee's wrongdoing, the Committee immediately replaced her with a new Treasurer and hired new legal counsel to respond to the Commission. Since then, the Committee, through its new counsel, has provided the Commission with as much information as is available to properly characterize the transactions at issue. Unfortunately, we do not believe that the Report adequately addresses those issues in the context of the audit findings.

To put the facts in context, the Committee requests that all statements made by its former counsel be attributed to the Committee's "former counsel" (as has already been done with references to the Committee's "former treasurer"), and that those statements be referred to in the past tense rather than in the present, as they are currently stated. This will help clarify that these statements are not reflective of the Committee's current position.

In addition, the Committee has particular concern about the following statement:

LACDCC never provided documentation to support its belief that all the transactions underlying the findings in this report resulted from Ms. Durkee's unauthorized activity. The kind of activities described in her plea agreement as outlined above, however, could account for many of the problems identified during the audit and cited in this report.

(See Report, Part I, p. 2.)

This statement implies that the Committee has either withheld information from the Commission or failed to provide information regarding the transactions at issue. Nothing could be farther from the truth. As you know, since discovering these criminal activities, the Committee has provided the Commission with as much information as possible to establish the true circumstances behind the transactions in question -- at great cost and expense to the Committee. The fact of the matter is that the Committee does not have access to records that will fully explain the transactions, nor do we expect that it ever will have access to that information. The Committee therefore requests that this statement be modified as follows:

LACDCC provided what documents and information it could obtain to support its belief that all the transactions underlying the findings in the report resulted from Ms. Durkee's unauthorized activity. Moreover, the kind of activities described in her plea agreement as outlined above could account for many of the problems identified during the audit and cited in this report.

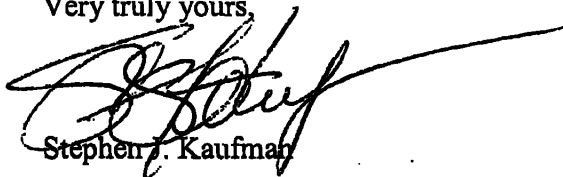
Finally, we urge that the conclusion section of Finding 2 relating to the Committee's Levin Account contain a reference to Ms. Durkee's embezzlement activity as a possible basis for the misstated transactions. The current version does not refer to the embezzlement.

In closing, we reiterate that the Committee's officers and personnel had no prior knowledge of the transactions at issue and did not authorize those transactions. Thus, to hold the Committee accountable for the unconscionable acts of its former professional treasurer would victimize the Committee even further.

Caroline C. Hunter, Chair et al.  
Federal Election Commission  
October 17, 2012  
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We appreciate your continuing consideration and the opportunity to comment. Should you require any additional information, please feel free to contact us.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Kaufman", with a long horizontal flourish extending to the right.

Stephen J. Kaufman

SJK:ssn

cc: Tom Hintermister, Assistant Staff Director, Audit Division  
Eric Bauman, Chair, LACDP (via email)  
Adam Seiden, Executive Director, LACDP (via email)